



EXECUTIVE DEPARTMENT
Administration Division

MEMORANDUM

To: Mayor Prussing and the City Council

From: Mike Monson, Chief of Staff

Date: Dec. 4, 2014

Re: IHSA Funding Commitment

Introduction: The City Council on Nov. 25 asked for a reasonable range of potential Urbana contributions toward the IHSA Boys Basketball State Finals bid, which will be held on the weekends of March 11-12 and March 18-19 in 2016. The bid will cover a five-year period.

Tax Implications: The revenue that might be most directly bolstered by hosting the tournament is the city's hotel-motel tax..

The city's hotel-motel tax has been a growing source of revenue for the city, generating \$1,017,000 in fiscal year 2014, an average of **\$84,750 per month**.

However, March receipts **averaged \$81,193** during 2013 and 2014, slightly below the average month.

Assuming that March hotel-motel tax receipts would increase in Urbana with two weekends devoted to the basketball tournament, here's what the potential increase might be based on the March average: .

5 percent increase hotel-motel tax receipts: \$4,059

10 percent increase in hotel-motel receipts: \$8,119

Some Reasons For Caution: There are factors that would urge caution in committing future tax dollars.

First, we do not know exactly what individuals or entities are funding this local effort and to what extent, or how exactly the money will be spent.

A March 24 commentary in the Springfield Journal-Register noted that this past spring about 28,000 tickets to the four basketball sessions were sold, or an average of 7,000 tickets per session. That's 4,000 tickets per session less than full capacity. The commentary also noted that it appeared that far less than 7,000 people attended some of the sessions. In contrast, during the tournament's first decade in Peoria, near capacity sales in excess of 11,000 tickets per session were said to be common.

The commentary said that Peoria hotel, restaurant and bar owners were now saying that business on the basketball weekends isn't much different from a usual weekend.

Also urging caution is the fact that only two Urbana hotels, the Wyndham Garden Hotel and Eastland Suites, are participating hotels in the bid effort, compared with about 14 hotels in Champaign.

Eastland Suites, 1907 N. Cunningham Ave., is participating in the bid effort, but only committing 25 of its 126 rooms to the IHSA bid. The 25 rooms would have lower rates for IHSA officials and basketball teams, and slightly higher rates (but below the normal or “rack” rates) for basketball tournament spectators.

The Eastland Suites director of sales said March is not a busy month for local hotels and that the expected added business from the basketball tournament would be beneficial.

Wyndham Garden Hotel officials couldn’t be reached for comment, but the hotel is committing 40 of its 199 rooms to the IHSA bid.

Recommendation: Given Urbana’s difficult financial situation, pledging less than 100 percent of any expected increase in hotel-motel tax receipts would be prudent. A pledge of \$5,000 per year would show Urbana’s support for the tournament bid and represents likely all or a significant chunk of any potential increase in hotel-motel tax receipts.

RESOLUTION NO. 2014-12-070R

A RESOLUTION AUTHORIZING CITY SUPPORT FOR THE URBANA-CHAMPAIGN
COMMUNITY BID PACKAGE TO ATTRACT THE IHSA BOYS BASKETBALL
TOURNAMENT TO STATE FARM CENTER

WHEREAS, the City of Urbana recognizes the value of the Illinois High School Association's (IHSA) long record of supporting interscholastic athletics and activities that enrich the educational experience; and

WHEREAS, the IHSA Boys Basketball State Final tournament recognizes the extensive training, practice, and self-discipline required of individuals and celebrates the teamwork and fan support required to advance to the finals; and

WHEREAS, the financial success of the IHSA Boys Basketball State Final tournament allows the IHSA to fund statewide competitions in non-revenue generating sports and activities including Scholastic Bowl, Music, Debate, Chess, and Drama; and

WHEREAS, such financial success depends in part on participation by host communities to provide a welcoming environment that will encourage return visits; and

WHEREAS, the IHSA Foundation is a non-profit organization that provides financial assistance to underprivileged high school students who plan on attending a college or university, and for women and minorities who plan to enter the teaching and coaching profession; and

WHEREAS, upon a successful bid, businesses in the City may benefit from increased tourism dollars and residents may benefit from increased income; and

WHEREAS, the City budget will be minimally impacted, with expected revenue generated by tournament tourism offsetting City contributions;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. For support of the bid package, the City will plan and budget to expend an amount of \$5,000 each year that the IHSA Boys Basketball State Final tournament is held at State Farm Center on the campus of the University of Illinois at Urbana-Champaign, from the years 2016 to 2020 for a total of five years, designated for the IHSA Foundation.

Section 2. City staff will make reasonable attempts to coordinate City marketing and welcoming efforts with promotional efforts of partner organizations and communities.

PASSED by the City Council this ____ day of _____, 2014.

AYES:

NAYS:

ABSTAINED:

Phyllis D. Clark, City Clerk

APPROVED by the Mayor this ____ day of _____, 2014.

Laurel Lunt Prussing, Mayor